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October 24, 2018

VIA ELECTRONIC FILING

The Honorable David Butler
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, South Carolina 29211

**RE: Joint Application and Petition of South Carolina Electric & Gas Company and Dominion Energy, Incorporated for Review and Approval of a Proposed Business Combination between SCANA Corporation and Dominion Energy, Incorporated, as May Be Required, and for a Prudency Determination Regarding the Abandonment of the V.C. Summer Units 2 & 3 Project and Associated Customer Benefits and Cost Recovery Plans
Docket No. 2017-370-E**

Dear Mr. Butler:

I am writing on behalf of South Carolina Electric & Gas Company and Dominion Energy, Inc. (together, "Joint Applicants") to inform the Public Service Commission of South Carolina ("Commission") that the Joint Applicants and Transcontinental Gas Pipe Line, LLC ("Transco") have reached a Settlement Agreement in the above-referenced matter.

Enclosed you will find a copy of the Settlement Agreement between the Joint Applicants and Transco (collectively, "Settling Parties") which is hereby being submitted to the Commission for approval. In summary, the Settlement Agreement places certain conditions upon SCE&G when it seeks to secure more than 100,000 dekatherms per day of additional natural gas transmission capacity from an interstate pipeline, and in return Transco has agreed to not oppose the request for relief sought by the Joint Applicants. Moreover, Transco has agreed to withdraw the pre-filed direct testimony of Hector X. Alatorre and not submit any testimony into the evidentiary record of this proceeding.

On behalf of the Settling Parties, we respectfully request that Transco be allowed to withdraw its pre-filed direct testimony and that Mr. Alatorre be excused from attending the hearing. In the event this request is granted, the Joint Applicants and counsel for Transco will be available to respond to any questions that may be asked concerning this Settlement Agreement.

(Continued ...)

Mr. David Butler, Esquire
October 24, 2018
Page 2

If you have any questions or concerns, please do not hesitate to contact us.

Very truly yours,



K. Chad Burgess

KCB/kms
Enclosure

cc: All parties of record

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2017-370-E
October 24, 2018

IN RE:

Joint Application and Petition of South Carolina)
 Electric & Gas Company and Dominion Energy,)
 Incorporated for Review and Approval of a)
 Proposed Business Combination between SCANA)
 Corporation and Dominion Energy, Incorporated,)
 as May Be Required, and for a Prudency)
 Determination Regarding the Abandonment of the)
 V.C. Summer Units 2 & 3 Project and Associated)
 Customer Benefits and Cost Recovery Plans)

SETTLEMENT AGREEMENT

This Settlement Agreement is made by and between the Dominion Energy, Inc. ("Dominion Energy"), South Carolina Electric & Gas Company ("SCE&G"), and Transcontinental Gas Pipe Line Company, LLC ("Transco") (collectively referred to as the "Parties" or sometimes individually as "Party");

WHEREAS, on January 12, 2018, Dominion Energy and SCE&G (together, "Joint Applicants") filed with the Public Service Commission of South Carolina ("Commission") in the above-referenced docket a Joint Application and Petition for review and approval a proposed business combination between SCANA Corporation and Dominion Energy, as may be required, and a for prudency determination regarding the abandonment of the V.C. Summer Units 2 & 3 Project and associated merger benefits and cost recovery plans;

WHEREAS, for purposes of hearing, the Commission consolidated the above-referenced docket with Docket Nos. 2017-207-E and 2017-305-E ("Consolidated Dockets");

WHEREAS, by Order No. 2018-608, dated September 5, 2018, the Commission granted Transco intervenor status in Docket No. 2017-370-E;

WHEREFORE, the Parties have engaged in discussions and in the spirit of compromise;

NOW, THEREFORE, the Parties hereby stipulate and agree to the following terms and conditions:

1. Upon closing of the merger between SCANA Corporation and Dominion Energy, SCE&G shall not contract with an interstate pipeline for natural gas transmission capacity of 100,000 dekatherms per day (dt/d) or more unless or until it has issued a request for proposals to obtain such capacity and considers the proposals in good faith. SCE&G shall file confidential reports on any such solicitation process with the Commission as well as any other state agency as may be required by law within thirty (30) days of the conclusion of such solicitation process. For the avoidance of doubt, SCE&G shall be considered to be contracting for 100,000 dt/d if such contracting takes the form of one or more separate contracts, even if such contracts contain different material terms, if such contracts arise out of the same interstate pipeline project or the same capacity posting.

2. Upon closing of the merger between SCANA Corporation and Dominion Energy, SCE&G shall not contract with an interstate pipeline for additional natural gas transmission capacity of 100,000 dekatherms per day (dt/d) or more unless the interstate pipeline is the least cost provider of such capacity or unless the Commission has approved the contract for such additional capacity. For the avoidance of doubt, SCE&G shall be considered to be contracting for 100,000 dt/d if such contracting takes the form of one or more separate contracts, even if such contracts contain different material terms, if such contracts arise out of the same interstate pipeline project or the same capacity posting.

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3. Upon execution of this Settlement Agreement and prior to the commencement of the merits hearing before the Commission on November 1, 2018, Transco will withdraw the testimony and exhibits of Mr. Hector Alatorre pre-filed with the Commission in Docket No. 2017-370-E on September 24, 2018, and Transco agrees that such testimony and exhibits shall not be entered into evidence in either Docket 2017-370-E or the Consolidated Dockets.

4. Transco agrees that it will not oppose the Joint Applicants' Joint Application and Petition. As such, Transco will not cross-examine any witnesses presented by SCE&G and/or Dominion Energy in the merits hearing for Docket No. 2017-370-E and the Consolidated Dockets, and any cross-examination of other parties' witnesses by Transco shall not be inconsistent with this Settlement Agreement. Further, Transco will withdraw any discovery requests made of SCE&G and/or Dominion Energy in these dockets.

5. The Parties agree to advocate that the Commission accept and approve this Settlement Agreement in its entirety as a fair, reasonable and full resolution of all issues between the Joint Applicants and Transco in the above-captioned proceeding and the Consolidated Dockets and to take no action inconsistent with its terms or adoption by the Commission. The Parties agree to use reasonable efforts to defend and support any Commission order issued approving this Settlement Agreement and the terms and conditions contained herein.

6. The Parties agree that signing this Settlement Agreement will not constrain, inhibit, impair, or prejudice their arguments or positions held in other collateral proceedings, nor will it constitute a precedent or evidence of acceptable practice in future proceedings. If the Commission declines to approve the Settlement Agreement in its entirety, then any Party desiring to do so may withdraw from the Settlement Agreement without penalty or obligation and may rejoin the issues currently before the Commission.

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7. This Settlement Agreement shall be interpreted according to South Carolina law.

8. The above terms and conditions fully represent the agreement of the Parties hereto.

Therefore, each Party acknowledges its consent and agreement to this Settlement Agreement by affixing its signature or by authorizing its counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of the agreement. Facsimile signatures and e-mail signatures shall be as effective as original signatures to bind any Party. This document may be signed in counterparts, with the various signature pages combined with the body of the document constituting an original and provable copy of this Settlement Agreement. The Parties agree that in the event any Party should fail to indicate its consent to this Settlement Agreement and the terms contained herein, then this Settlement shall be null and void and will not be binding on any Party.

[SIGNATURES ON THE FOLLOWING PAGES]

4/7
JTB

WE AGREE:

Representing the Dominion Energy, Inc.



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 6/7

WE AGREE:

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